Foreclosures dip in October

Prevention programs helping more homeowners, analysts say

By J.W. Elphinstone
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NEW YORK — The number of homeowners on the brink of losing their homes dipped in October, the third straight monthly decline, as foreclosure prevention programs helped more borrowers.

But foreclosure filings are still up 19 percent from a year ago, RealtyTrac Inc. said Thursday, and rising job losses continue to threaten the stabilizing trend.

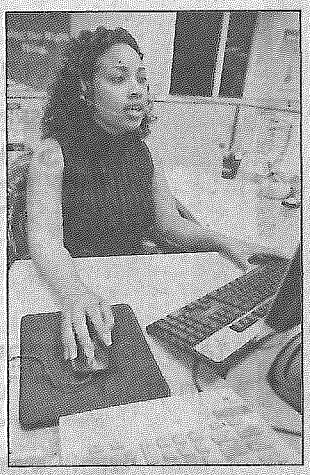
More than 332,000 households, or one in every 385 homes, received a foreclosure-related notice in October, such as a notice of default or trustee's sale. That's down 3 percent from September.

Banks repossessed more than 77,000 homes last month, down from nearly 88,000 homes in September.

New state programs, that require mediation before banks can seize a property have helped stem foreclosures, said Rick Sharga, senior vice president at RealtyTrac.

Also, lenders may be delaying foreclosure as they evaluate which borrowers might qualify for the federal loan modification program, he said.

"That's the reason there's been a buildup of homes that are seriously delinquent but not foreclosed," he said.



FILE / The Associated Press

Bank of America home retention specialist Shontaye Edwards speaks to a customer.

Despite Nevada's legislative efforts to slow foreclosures, the state still clocked in the nation's highest foreclosure rate for the 34th month in a row, followed by California, Florida, Arizona and Idaho. Rounding out the top 10 were Illinois, Michigan, Georgia, Maryland and Utah.

Among cities, Las Vegas had the highest rate, the report showed. One in 68 homes there received a foreclosure filing in October, more than five times the national average. Seven of the top 10 metros were in California, led by Vallejo and Modesto at No. 2 and 3.

After three years of declines, home prices reversed course in June and have been rapidly climbing month-over-month. This will rebuild home equity and reduce the number of borrowers that owe more than their homes are worth.

Still, foreclosures remain near record highs, and the mortgage industry is still struggling to manage the onslaught. The government has had to push many lenders to participate in the Obama administration's loan modification plan.

The Treasury Department said Tuesday more than 650,000 borrowers, or 20 percent of those eligible, had signed up for trial plans lasting up to five months. But since the beginning of September, only about 1,700 modifications had been made permanent. The Treasury Department expects to release updated data later this month.

Congress recently extended and expanded a federal tax credit for homebuyers that has been credited for boosting home sales recently.